

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2529

To amend the Public Health Service Act to provide grants to entities in rural areas that design and implement innovative approaches to improve the availability and quality of health care in such rural areas, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1993

Mr. SMITH of Oregon introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To amend the Public Health Service Act to provide grants to entities in rural areas that design and implement innovative approaches to improve the availability and quality of health care in such rural areas, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rural Health Innova-  
5       tion Demonstration Act of 1993”.

1 **SEC. 2. RURAL HEALTH EXTENSION NETWORKS.**

2 Title XVII of the Public Health Service Act (42  
3 U.S.C. 300u et seq.) is amended by adding at the end  
4 thereof the following new section:

5 **“SEC. 1709. RURAL HEALTH EXTENSION NETWORKS.**

6 “(a) GRANTS.—The Secretary, acting through the  
7 Health Resources and Services Administration, may  
8 award competitive grants to eligible entities to enable such  
9 entities to facilitate the development of networks among  
10 rural and urban health care providers to preserve and  
11 share health care resources and enhance the quality and  
12 availability of health care in rural areas. Such networks  
13 may be statewide or regionalized in focus.

14 “(b) ELIGIBLE ENTITIES.—To be eligible to receive  
15 a grant under subsection (a) an entity shall—

16 “(1)(A) be a rural health extension network  
17 that meets the requirements of subsection (c); or

18 “(B) be an Area Health Education Center  
19 Program;

20 “(2) prepare and submit to the Secretary an  
21 application at such time, in such form and contain-  
22 ing such information as the Secretary may require;  
23 and

24 “(3) meets such other requirements as the Sec-  
25 retary determines appropriate.

1       “(c) NETWORKS.—For purposes of subsection (b)(1),  
2 a rural health extension network shall be an association  
3 or consortium of three or more rural health care providers,  
4 and may include one or more urban health care provider,  
5 for the purposes of applying for a grant under this section  
6 and using amounts received under such grant to provide  
7 the services described in subsection (d).

8       “(d) SERVICES.—

9           “(1) IN GENERAL.—An entity that receives a  
10 grant under subsection (a) shall use amounts re-  
11 ceived under such grant to—

12               “(A) provide education and community de-  
13 cisionmaking support for health care providers  
14 in the rural areas served by the network;

15               “(B) utilize existing health care provider  
16 education programs, including but not limited  
17 to, the program for area health education cen-  
18 ters under section 781, to provide educational  
19 services to health care providers and trainees  
20 including, but not limited to, physicians, nurses  
21 and nursing students in the areas served by the  
22 network;

23               “(C) make appropriately trained  
24 facilitators available to health care providers lo-  
25 cated in the areas served by the network to as-

1           sist such providers in developing cooperative ap-  
2           proaches to health care in such area;

3           “(D) facilitate linkage building through the  
4           organization of discussion and planning groups  
5           and the dissemination of information concern-  
6           ing the health care resources where available,  
7           within the area served by the network;

8           “(E) support telecommunications and con-  
9           sultative projects to link rural hospitals and  
10          other health care providers, and urban or ter-  
11          tiary hospitals in the areas served by the net-  
12          work; or

13          “(F) carry out any other activity deter-  
14          mined appropriate by the Secretary.

15          “(2) EDUCATION.—In carrying out activities  
16          under paragraph (1)(B), an entity shall support the  
17          development of an information and resource sharing  
18          system, including elements targeted towards high  
19          risk populations and focusing on health promotion,  
20          to facilitate the ability of rural health care providers  
21          to have access to needed health care information.  
22          Such activities may include the provision of training  
23          to enable individuals to serve as coordinators of  
24          health education programs in rural areas.

1           “(3) COLLECTION AND DISSEMINATION OF  
2       DATA.—The chief executive officer of a State shall  
3       designate a State agency that shall be responsible  
4       for collecting and regularly disseminating informa-  
5       tion concerning the activities of the rural health ex-  
6       tension networks in that State.

7           “(e) MATCHING REQUIREMENT.—An entity that re-  
8       ceives a grant under subsection (a) shall make available  
9       (directly or through donations from public or private enti-  
10      ties), non-Federal contributions towards the costs of the  
11      operations of the network in an amount equal to the  
12      amount of the grant.

13          “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
14      are authorized to be appropriated to carry out this section,  
15      \$10,000,000 for each of the fiscal years 1994 through  
16      1997.

17          “(g) DEFINITION.—As used in this section and sec-  
18      tion 1710, the term ‘rural health care providers’ means  
19      health care professionals and hospitals located in rural  
20      areas. The Secretary shall ensure that for purposes of this  
21      definition, rural areas shall include any area that meets  
22      any applicable Federal or State definition of rural area.

23          “(h) RELATION TO OTHER LAWS.—

24               “(1) IN GENERAL.—Notwithstanding any provi-  
25      sion of the antitrust laws, it shall not be considered

1 a violation of the antitrust laws for entities to de-  
2 velop and operate networks in accordance with this  
3 section.

4 “(2) DEFINITION.—For purposes of this sub-  
5 section, the term ‘antitrust laws’ means—

6 “(A) the Act entitled ‘An Act to protect  
7 trade and commerce against unlawful restraints  
8 and monopolies’, approved July 2, 1890, com-  
9 monly known as the ‘Sherman Act’ (26 Stat.  
10 209; chapter 647; 15 U.S.C. 1 et seq.);

11 “(B) the Federal Trade Commission Act,  
12 approved September 26, 1914 (38 Stat. 717;  
13 chapter 311; 15 U.S.C. 41 et seq.);

14 “(C) the Act entitled ‘An Act to supple-  
15 ment existing laws against unlawful restraints  
16 and monopolies, and for other purposes’, ap-  
17 proved October 15, 1914, commonly known as  
18 the ‘Clayton Act’ (38 Stat. 730; chapter 323;  
19 15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660,  
20 3285, 3691; 29 U.S.C. 52, 53);

21 “(D) the Act of June 19, 1936, commonly  
22 known as the Robinson-Patman Antidiscrimina-  
23 tion Act (15 U.S.C. 13 et seq.); and

1           “(E) any State antitrust laws that would  
2           prohibit the activities described in paragraph  
3           (1).”.

4   **SEC. 3. RURAL MANAGED CARE COOPERATIVES.**

5           Title XVII of the Public Health Service Act (42  
6   U.S.C. 300u et seq.) as amended by section 2 is further  
7   amended by adding at the end thereof the following new  
8   section:

9   **“SEC. 1710. RURAL MANAGED CARE COOPERATIVES.**

10          “(a) GRANTS.—The Secretary, acting through the  
11   Health Resources and Services Administration, may  
12   award competitive grants to eligible entities to enable such  
13   entities to develop and administer cooperatives in rural  
14   areas that will establish an effective case management and  
15   reimbursement system designed to support the economic  
16   viability of essential public or private health services, fa-  
17   cilities, health care systems and health care resources in  
18   such rural areas.

19          “(b) ELIGIBLE ENTITIES.—To be eligible to receive  
20   a grant under subsection (a) an entity shall—

21               “(1) prepare and submit to the Secretary an  
22               application at such time, in such form and contain-  
23               ing such information as the Secretary may require,  
24               including a description of the cooperative that the

1 entity intends to develop and operate using grant  
2 funds; and

3 “(2) meet such other requirements as the Sec-  
4 retary determines appropriate.

5 “(c) COOPERATIVES.—

6 “(1) IN GENERAL.—Amounts provided under a  
7 grant awarded under subsection (a) shall be used to  
8 establish and operate a cooperative made up of all  
9 types of health care providers, hospitals, primary ac-  
10 cess hospitals, other alternate rural health care fa-  
11 cilities, physicians, rural health clinics, rural nurse  
12 practitioners and physician assistant practitioners,  
13 public health departments and others located in, but  
14 not restricted to, the rural areas to be served by the  
15 cooperative.

16 “(2) BOARD OF DIRECTORS.—A cooperative es-  
17 tablished under paragraph (1) shall be administered  
18 by a board of directors elected by the members of  
19 the cooperative, a majority of whom shall represent  
20 rural providers from the local community and in-  
21 clude representatives from the local community.  
22 Such members shall serve at the pleasure of such  
23 members.

24 “(3) EXECUTIVE DIRECTOR.—The members of  
25 a cooperative established under paragraph (1) shall



1 elect an executive director who shall serve as the  
2 chief operating officer of the cooperative. The execu-  
3 tive director shall be responsible for conducting the  
4 day the day operation of the cooperative including—

5 “(A) maintaining an accounting system for  
6 the cooperative;

7 “(B) maintaining the business records of  
8 the cooperative;

9 “(C) negotiating contracts with provider  
10 members of the cooperative; and

11 “(D) coordinating the membership and  
12 programs of the cooperative.

13 “(4) REIMBURSEMENTS.—

14 “(A) NEGOTIATIONS.—A cooperative es-  
15 tablished under paragraph (1) shall facilitate  
16 negotiations among member health care provid-  
17 ers and third party payors concerning the rates  
18 at which such providers will be reimbursed for  
19 services provided to individuals for which such  
20 payors may be liable.

21 “(B) AGREEMENTS.—Agreements reached  
22 under subparagraph (A) shall be binding on the  
23 members of the cooperative.

24 “(C) EMPLOYERS.—Employer entities may  
25 become members of a cooperative established

1 under paragraph (a) in order to provide,  
2 through a member third party payor, health in-  
3 surance coverage for its employees. Deductibles  
4 shall only be charged to employees covered  
5 under such insurance if such employees receive  
6 health care services from a provider that is not  
7 a member of the cooperative if similar services  
8 would have been available from a member  
9 provider.

10 “(D) MALPRACTICE INSURANCE.—A coop-  
11 erative established under subsection (a) shall be  
12 responsible for identifying and implementing an  
13 affordable malpractice insurance program that  
14 shall include a requirement that such coopera-  
15 tive assume responsibility for the payment of a  
16 portion of the malpractice insurance premium  
17 of providers members.

18 “(5) MANAGED CARE AND PRACTICE STAND-  
19 ARDS.—A cooperative established under paragraph  
20 (1) shall establish joint case management and pa-  
21 tient care practice standards programs that health  
22 care providers that are members of such cooperative  
23 must meet to be eligible to participate in agreements  
24 entered into under paragraph (4). Such standards  
25 shall be developed by such provider members and

1 shall be subject to the approval of a majority of the  
2 board of directors. Such programs shall include cost  
3 and quality of care guidelines including a require-  
4 ment that such providers make available  
5 preadmission screening, selective case management  
6 services, joint patient care practice standards devel-  
7 opment and compliance and joint utilization review.

8 “(6) CONFIDENTIALITY.—

9 “(A) IN GENERAL.—Patients records,  
10 records of peer review, utilization review, and  
11 quality assurance proceedings conducted by the  
12 cooperative should be considered confidential  
13 and protected from release outside of the coop-  
14 erative. The provider members of the coopera-  
15 tive shall be indemnified by the cooperative for  
16 the good faith participation by such members in  
17 such the required activities.

18 “(B) QUALITY DATA.—Notwithstanding  
19 any other provision of law, quality data ob-  
20 tained by a hospital or other member of a coop-  
21 erative in the normal course of the operations  
22 of the hospital or member shall be immune  
23 from discovery regardless of whether such data  
24 is used for purposes other than peer review or

1 is disclosed to other members of the cooperative  
2 involved.

3 “(d) LINKAGES.—A cooperative shall create linkages  
4 among member health care providers, employers, and  
5 payors for the joint consultation and formulation of the  
6 types, rates, costs, and quality of health care provided in  
7 rural areas served by the cooperative.

8 “(e) MATCHING REQUIREMENT.—An entity that re-  
9 ceives a grant under subsection (a) shall make available  
10 (directly or through donations from public or private enti-  
11 ties), non-Federal contributions towards the costs of the  
12 operations of the network in an amount equal to the  
13 amount of the grant.

14 “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated to carry out this section,  
16 \$15,000,000 for each of the fiscal years 1994 through  
17 1997.

18 “(g) RELATION TO OTHER LAWS.—

19 “(1) IN GENERAL.—Notwithstanding any provi-  
20 sion of the antitrust laws, it shall not be considered  
21 a violation of the antitrust laws for entities to de-  
22 velop and operate cooperatives in accordance with  
23 this section.

24 “(2) DEFINITION.—For purposes of this sub-  
25 section, the term ‘antitrust laws’ means—

1           “(A) the Act entitled ‘An Act to protect  
2           trade and commerce against unlawful restraints  
3           and monopolies’, approved July 2, 1890, com-  
4           monly known as the ‘Sherman Act’ (26 Stat.  
5           209; chapter 647; 15 U.S.C. 1 et seq.);

6           “(B) the Federal Trade Commission Act,  
7           approved September 26, 1914 (38 Stat. 717;  
8           chapter 311; 15 U.S.C. 41 et seq.);

9           “(C) the Act entitled ‘An Act to supple-  
10          ment existing laws against unlawful restraints  
11          and monopolies, and for other purposes’, ap-  
12          proved October 15, 1914, commonly known as  
13          the ‘Clayton Act’ (38 Stat. 730; chapter 323;  
14          15 U.S.C. 12 et seq.; 18 U.S.C. 402, 660,  
15          3285, 3691; 29 U.S.C. 52, 53);

16          “(D) the Act of June 19, 1936, commonly  
17          known as the Robinson-Patman Antidiscrimina-  
18          tion Act (15 U.S.C. 13 et seq.); and

19          “(E) any State antitrust laws that would  
20          prohibit the activities described in paragraph  
21          (1).”.

22   **SEC. 4. RURAL MENTAL HEALTH OUTREACH GRANTS.**

23          Subpart 3 of part B of title V of the Public Health  
24          Service Act (42 U.S.C. 290cc–11 et seq.) is amended by  
25          adding at the end thereof the following new section:

1   **“SEC. 520C. RURAL MENTAL HEALTH OUTREACH GRANTS.**

2           “(a) IN GENERAL.—The Secretary may award com-  
3   petitive grants to eligible entities to enable such entities  
4   to develop and implement a plan for mental health out-  
5   reach programs in rural areas.

6           “(b) ELIGIBLE ENTITIES.—To be eligible to receive  
7   a grant under subsection (a) an entity shall—

8                   “(1) prepare and submit to the Secretary an  
9           application at such time, in such form and contain-  
10          ing such information as the Secretary may require,  
11          including a description of the activities that the en-  
12          tity intends to undertake using grant funds; and

13                   “(2) meet such other requirements as the Sec-  
14          retary determines appropriate.

15          “(c) PRIORITY.—In awarding grants under sub-  
16   section (a), the Secretary shall give priority to applications  
17   that place emphasis on mental health services for the el-  
18   derly or children. Priority shall also be given to applica-  
19   tions that involve relationships between the applicant and  
20   rural managed care cooperatives.

21          “(d) MATCHING REQUIREMENT.—An entity that re-  
22   ceives a grant under subsection (a) shall make available  
23   (directly or through donations from public or private enti-  
24   ties), non-Federal contributions toward the costs of the  
25   operations of the network in an amount equal to the  
26   amount of the grant.

1       “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to carry out this section,  
3 \$5,000,000 for each of the fiscal years 1994 through  
4 1997.”.

5 **SEC. 5. AREA HEALTH EDUCATION CENTERS.**

6       (a) Section 746(a) of the Public Health Service Act  
7 (42 U.S.C. 293j(a)) is amended by adding at the end  
8 thereof the following new paragraph:

9               “(4) STIPENDS.—

10               “(A) The Secretary make award grants  
11 under this section to rural communities to en-  
12 able such communities to provide stipends to  
13 physicians, nurses, nurse practitioners, physi-  
14 cian assistants, and other health professional  
15 trainees to encourage such individuals to pro-  
16 vide health care services in such rural commu-  
17 nities. In addition, the Secretary may award  
18 grants under this section to rural communities  
19 to enable such communities to provide stipends  
20 to physicians, nurses, nurse practitioners, physi-  
21 cian assistants, and other health professionals  
22 that are practicing in rural areas to retain such  
23 individuals in such areas.

24               “(B) A community that receives a grant  
25 under subparagraph (A) shall make available

1 (directly or through donations from public or  
2 private entities), non-Federal contributions to-  
3 ward the costs of the operations of the network  
4 in an amount equal to the amount of the  
5 grant.”.

6 (b) REAUTHORIZATION.—Section 746(i)(1)(A) of  
7 such Act (42 U.S.C. 293j(i)(1)(A)) is amended by striking  
8 out “\$25,000,000” and all that follows through “1995”  
9 and inserting in lieu thereof “\$25,000,000 for fiscal year  
10 1993, and \$42,000,000 for each of the fiscal years 1994  
11 through 1997”.

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